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SUBJECT: D'ALEMA/IRAN: OPEN TO FURTHER UNSC SANCTIONS,
SUGGEST MATCHING WITH NO-STRINGS NEGOTIATION OFFER

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Classified By: Ambassador Ronald P. Spogli for reasons 1.4 b and d.

Summary

¶1. (C) The Ambassador engaged FM Massimo D'Alema on Iran and Syria in a meeting on September 12, shortly after the minister returned from trips to the EU GYMnich, Cairo, Jerusalem, and Ramallah. The conversation also followed recent visits to Italy of Syrian VP al-Shara, Iranian DFM Jalili, Israeli President Peres, and Lebanese Maronite Patriarch Sfeir. The Ambassador stressed the importance of pressuring Iran to meet its UNSC requirements and added that hosting Syrian VP al-Shara sent the wrong message to Damascus. The FM emphasized that Italy shares the U.S. goal of avoiding a nuclear armed Iran and wants to contribute toward concrete results. He said Italy is open to a third round of UNSC sanctions, but warned that Russia will be an obstacle. D'Alema suggested following a two-pronged approach by adopting a further UNSCR while at the same time offering to negotiate with the Iranians, without insisting on suspension of enrichment as a pre-condition. D'Alema said he had been forceful with Syrian VP al-Shara on the need for cooperation on Iraq; the need to stop interfering in Lebanon's internal politics; and the need to support PA President Mahmoud Abbas and cease support for Hamas. He said the Syrians had been ambiguous in their answers but showed a potential openness towards accepting EU border monitoring assistance which D'Alema said the EU should test. End Summary.

Italy Requests Invite to Afghanistan Meeting

¶2. (C) Since the FM had not yet heard that Italy had been invited, late September 11, to the informal September 21 meeting on Afghanistan in Washington, he pressed the Ambassador on the importance of including Italy. The Ambassador clarified that the September 21 get together was a meeting, not a conference, and that the USG was working, with the other participants, to include Italy. D'Alema said he would call French FM Kouchner to emphasize that Italy must be involved in any substantive meeting on Afghanistan given the size of its contribution. D'Alema noted that Italy had twice the number of troops on the ground than France. Note. The Department invited Italy to participate in the meeting, late on September 11, via its Embassy in Washington. After receipt of that information, the Ambassador called D'Alema who was very pleased at the decision to include Italy. End

Note.

Iran - Offer Carrot and Stick at the Same Time

¶3. (C) The Ambassador stressed the importance of maintaining a united front and of keeping-up the pressure on Iran. D'Alema said the GOI shares the same goal as the U.S. - avoiding a nuclear armed Iran - and added that the current policy isn't working. The minister said Italy is ready to examine a third round of UNSC sanctions, but that Russia will be an obstacle.

¶4. (C) D'Alema suggested, partially to appease Russia, but also to assuage Iranian national pride, that the international community take a two-pronged approach. He hypothesized the UNSC proceed with a third round of sanctions against Iran while at the same time offering to negotiate with Iran - without preconditions. D'Alema argued that the goal is to divide Iranian leaders, but that they and the Iranian people are united behind the position that a suspension of enrichment should be an "end goal" of negotiations and not the starting point. D'Alema said he had made a similar proposal during the recent G-8 meeting in Germany and that the Secretary had appeared open to the idea.

¶5. (C) D'Alema was unaware of recent news reports of German objections to further sanctions but seemed unconcerned and stressed that the EU-3 has no legal standing and said discussions should be in UNSC or EU formats.

¶6. (C) Domestically D'Alema stressed Italy was being a "disciplined" ally and scrupulously watching Bank Sepah. D'Alema emphasized that SACE was not issuing any new credit guarantees to Iran. The Ambassador thanked him for cooperation on Bank Sepah and said recent SACE reductions in credit guarantees were a positive sign.

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GOI Firm with Syrian VP; Response Ambiguous

¶7. (C) The Ambassador noted that receiving Syrian VP Farouk al-Shara in Italy in early September had sent the wrong message to Damascus. D'Alema stressed he had been invited by the Pope because of the Pope's concern for Iraqi Christian refugees and appreciation for Syrian action to take them in.

¶8. (C) D'Alema said he had taken advantage of al-Shara's visit to deliver a forceful message that Syria: cooperate on security in Iraq, stop interfering in Lebanon's internal affairs, and help PA President Mahmoud Abbas and stop support to Hamas. D'Alema said the Syrian had given ambiguous answers on all points.

Openness re EU Syria/Lebanon Border Monitoring

¶9. (C) D'Alema said Syria had flip-flopped on the issue of an international/EU civilian Lebanon/Syria border monitoring assistance mission (for the Syrian side of the border). He first said yes to civilian monitors and equipment, then no, then changing course again to say yes to equipment only. D'Alema said the EU should test Syrian openness to the initiative by forwarding a concrete proposal which Italy will support.

Lebanon: Concerned over Christian Divisions

¶10. (C) D'Alema said he had been disappointed with Lebanese Maronite Patriarch Sfeir's indecisiveness and caution during his recent visit to Rome. The minister said he had hoped Sfeir could play a greater role in uniting the divided Christian community and in pushing forward Constitutional

reform before the upcoming Presidential elections.

D'Alema's trips to Cairo, Jerusalem and PA

¶11. (C) D'Alema said he had attended a working dinner of the Arab League and had a long one-on-one with Egyptian President Hosni Mubarak during his recent visit to Egypt. According to D'Alema, Mubarak seemed re-invigorated and engaged. He had talked at great length about his concerns over Iranian expansion and had been critical of Syria. However, despite his disregard for Syria's current leadership, Mubarak had insisted that Syria, as a member of the Arab League, must be invited to attend the November MEPP conference. Mubarak and his Arab League colleagues also expressed their willingness to attend the fall MEPP conference but underlined the importance of insuring that PA President Abbas walk-away from the conference with concrete results.

¶12. (C) D'Alema said his meetings with Israeli FM Livni and with the Palestinian leadership had been very productive. He said he and Livni had had a particularly good exchange and noted that she had called Italy an intimate ally in their press conference. D'Alema observed that Israel found Italy useful as an interlocutor because Israel realizes Italy's power to influence Israel's Arab neighbors, with whom they have little or no direct contact. D'Alema commented that the current Israeli leadership is particularly weak and suggested that the USG encourage them to take advantage of the current opportunity for progress on peace talks with the Palestinians. The goal would be to give Abbas something to walk away with from the November conference.

GOI To Launch October Intellectual Property Event

¶13. (SBU) D'Alema was keen to discuss with the Ambassador the importance he places in the October 24 inter-ministerial IPR event the GOI is hosting. The Ambassador lauded the initiative telling the minister that his involvement was a positive sign that Italy is finally tackling this important issue hurting both of our economies.

AMB encourages Ratification of Tax Treaty,
Delivers NASA Letter, and Extends NIAF Invite

¶14. (SBU) The Ambassador raised the subject of the double

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taxation treaty signed by Italy and the U.S. in 1999. He noted that the next step would be for the MFA to request off-setting funding to cover foregone revenues in order to submit the treaty for parliamentary approval. The Ambassador provided the minister with a non-paper on the subject and the minister agreed to forward it to the appropriate offices. The Ambassador also delivered Secretary Rice's letter replying to the FM's inquiry on whether NASA could carry the Alpha Magnetic Spectrometer to the International Space Station and regretted that our answer could not be more positive. Finally, the Ambassador urged the minister to consider participating in the National Italian American Foundation's October 13 gala event; D'Alema said he would consider it, but that his schedule looks very tight.
SPOGLI